



**Hiap Hoe Limited**  
(Registration No. : 199400676Z)

**Second Quarter Financial Statement for the Period Ended 30 June 2011**

**1(a) Income Statement, together with Statement of Comprehensive Income for the Group for the Second Quarter Ended 30 June 2011**

Unaudited results for the second quarter ended 30 June 2011

(All figures in \$'000)

	The Group			The Group		
	3 months ended		%	6 months ended		%
	30-Jun-11	30-Jun-10		30-Jun-11	30-Jun-10	
<b>Revenue</b>	31,972	22,536	41.9	57,683	48,490	19.0
Cost of sales	(21,003)	(13,648)	53.9	(37,811)	(27,107)	39.5
<b>Gross profit</b>	10,969	8,888	23.4	19,872	21,383	(7.1)
<b>Other items of income</b>						
Other income	307	112	174.1	487	273	78.4
Financial income	107	89	20.2	320	225	42.2
<b>Other items of expenses</b>						
Distribution and selling expenses	(133)	(1,920)	(93.1)	(172)	(8,483)	(98.0)
Administrative expenses	(880)	(554)	58.8	(1,762)	(1,330)	32.5
Other expenses	-	(23)	(100.0)	-	(25)	(100.0)
Financial expenses	-	(1)	(100.0)	(1)	(189)	(99.5)
<b>Share of results of joint ventures, net of tax</b>	1,642	-	NM	2,687	-	NM
<b>Profit before taxation</b>	12,012	6,591	82.2	21,431	11,854	80.8
Tax expenses	(1,866)	(340)	448.8	(3,269)	(1,732)	88.7
<b>Net profit for the period</b>	10,146	6,251	62.3	18,162	10,122	79.4
<b>Attributable to :</b>						
Owners of the parent	10,161	6,288	61.6	18,197	10,184	78.7
Non-controlling interests	(15)	(37)	(59.5)	(35)	(62)	(43.5)
<b>Total</b>	10,146	6,251		18,162	10,122	

## Consolidated Statement of Comprehensive Income for the Second Quarter ended 30 June 2011

(All figures in \$'000)

	The Group		The Group	
	3 months ended 30-Jun-11	30-Jun-10	6 months ended 30-Jun-11	30-Jun-10
<b>Profit, net of tax</b>	10,146	6,251	18,162	10,122
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	10,146	6,251	18,162	10,122
<b>Total comprehensive income attributable to :</b>				
Owners of the parent	10,161	6,288	18,197	10,184
Non-controlling interests	(15)	(37)	(35)	(62)

### Additional Information

Profit from operation is determined after charging / (crediting) :

(All figures in S\$'000)

	The Group			The Group		
	3 months ended		%	6 months ended		%
	30-Jun-11	30-Jun-10		30-Jun-11	30-Jun-10	
Depreciation of property, plant and equipment	49	46	6.5	96	93	3.2
Dividend income, gross	(1)	(7)	(85.7)	(12)	(7)	71.4
Fair value (gain)/loss on financial instruments - quoted investments held for trading	(150)	23	(752.2)	(136)	25	(644.0)

## 1(b)(i) Balance Sheet as at 30 June 2011

### The Group

(All figures in \$'000)

#### **ASSETS LESS LIABILITIES**

##### **Non-Current Assets**

Property, plant and equipment  
Investment properties  
Investments in joint ventures  
Trade and other receivables

##### **Current Assets**

Cash and short-term deposits  
Other investments <sup>1</sup>  
Trade and other receivables  
Other assets  
Prepaid operating expenses  
Due from an associate (non-trade)  
Due from joint venture (trade)  
Due from joint ventures (non-trade)  
Development properties  
Tax recoverable

##### **Current Liabilities**

Trade and other payables  
Other liabilities  
Dividend payable  
Due to related companies (trade)  
Due to related companies (non-trade)  
Interest-bearing loans and borrowings  
Tax payable

##### **Net Current Assets**

##### **Non-Current Liabilities**

Trade and other payables  
Other liabilities  
Interest-bearing loans and borrowings  
Deferred taxation

##### **Net Assets**

#### **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT**

Share capital  
Treasury shares  
Reserves  
  
Non-controlling Interests  
**Total Equity**

	30-Jun-11	31-Dec-10	%
	6,099	6,133	-0.6%
	3,045	3,045	0.0%
	3,228	802	302.5%
	12	21	-42.9%
	<b>12,384</b>	<b>10,001</b>	<b>23.8%</b>
	10,640	36,449	-70.8%
	33,144	27,940	18.6%
	2,073	14,198	-85.4%
	84	625	-86.6%
	43	41	4.9%
	2	2	0.0%
	14,027	3,332	321.0%
	60,102	57,259	5.0%
	405,820	377,686	7.4%
	1	1	0.0%
	<b>525,936</b>	<b>517,533</b>	<b>1.6%</b>
	8,825	6,086	45.0%
	20,477	18,437	11.1%
	1,179	-	NM
	1,058	960	10.2%
	18,551	17,006	9.1%
	123,276	125,152	-1.5%
	6,848	12,782	-46.4%
	<b>180,214</b>	<b>180,423</b>	<b>-0.1%</b>
	<b>345,722</b>	<b>337,110</b>	<b>2.6%</b>
	654	1,458	-55.1%
	45	73	-38.4%
	128,304	135,088	-5.0%
	6,606	3,499	88.8%
	<b>222,497</b>	<b>206,993</b>	<b>7.5%</b>
	84,446	84,446	0.0%
	(709)	(353)	100.8%
	138,671	122,777	12.9%
	<b>222,408</b>	<b>206,870</b>	<b>7.5%</b>
	89	123	-27.6%
	<b>222,497</b>	<b>206,993</b>	<b>7.5%</b>

## The Company

(All figures in \$'000)

### **ASSETS LESS LIABILITIES**

#### **Non-Current Assets**

Investments in subsidiary companies  
Trade and other receivables

#### **Current Assets**

Cash and short-term deposits  
Other investments <sup>1</sup>  
Trade and other receivables  
Other assets  
Prepaid operating expenses  
Due from subsidiary companies (non-trade)  
Due from subsidiary companies (trade)  
Due from joint ventures (non-trade)  
Due from joint ventures (trade)  
Due from an associate (non-trade)

#### **Current Liabilities**

Trade and other payables  
Other liabilities  
Dividend payable  
Due to subsidiary companies (non-trade)  
Interest-bearing loans and borrowings  
Provision for taxation

#### **Net Current Assets**

#### **Non-Current Liability**

Interest-bearing loans and borrowings

#### **Net Assets**

### **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT**

Share capital  
Treasury shares  
Reserves  
**Total Equity**

	30-Jun-11	31-Dec-10	%
	48,683	48,683	0.0%
	-	21	-100.0%
	<b>48,683</b>	<b>48,704</b>	<b>0.0%</b>
	798	14,717	-94.6%
	31,775	27,646	14.9%
	154	281	-45.2%
	1	-	NM
	14	11	27.3%
	76,205	72,971	4.4%
	2,238	1,900	17.8%
	54,517	51,685	5.5%
	16	16	0.0%
	2	2	0.0%
	<b>165,720</b>	<b>169,229</b>	<b>-2.1%</b>
	15	25	-40.0%
	143	261	-45.2%
	1,179	-	NM
	108,350	115,325	-6.0%
	4	9	-55.6%
	261	103	153.4%
	<b>109,952</b>	<b>115,723</b>	<b>-5.0%</b>
	<b>55,768</b>	<b>53,506</b>	<b>4.2%</b>
	-	-	-
	<b>104,451</b>	<b>102,210</b>	<b>2.2%</b>
	84,446	84,446	0.0%
	(709)	(353)	100.8%
	20,714	18,117	14.3%
	<b>104,451</b>	<b>102,210</b>	<b>2.2%</b>

#### Note :

1) This included short-term commercial papers and quoted investments.

**1 (b)(ii) Aggregate amount of Group's borrowings and debts securities.**

**Amount repayable in one year or less, or on demand**

(\$'000)

As at 30 Jun 11		As at 31 Dec 10	
Secured	Unsecured	Secured	Unsecured
123,276	-	125,152	-

**Amount repayable after one year**

(\$'000)

As at 30 Jun 11		As at 31 Dec 10	
Secured	Unsecured	Secured	Unsecured
128,304	-	135,088	-

**Details of any collateral**

The above borrowings are from financial institutions and are secured by the following:

- 1) legal mortgages on the Group's investment properties and freehold properties;
- 2) first legal mortgage over development properties;
- 3) first legal assignment of all rights and benefits under sales & purchase agreements and / or tenancy agreements;
- 4) assignment of proceeds of the Project Account and the rental account maintained with the bank;
- 5) the building contracts of the certain development properties;
- 6) assignment of all insurance policies for certain development properties;
- 7) deed of subordination to subordinate all loans and advances from the Company to the facilities; and
- 8) corporate guarantees given by the Company and the joint venturers.

### **1(c) Consolidated Cash Flow Statement of the Group**

(All figures in \$'000)

	3 months ended		6 months ended	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
<b>Cash flows from operating activities</b>				
Profit before taxation	12,012	6,591	21,431	11,854
Adjustments :				
Depreciation of property, plant and equipment	49	46	96	93
Interest expenses	-	1	1	189
Interest income	(267)	(89)	(643)	(225)
Dividend income	(11)	-	(12)	(7)
Employees' shares based payments	-	-	79	-
Fair value (gain)/loss on financial instruments - quoted investments held for trading	(150)	23	(136)	25
Fair value loss on financial instruments - unquoted investments held for trading	160	-	323	-
Share of results of joint ventures	(1,642)	-	(2,687)	-
<b>Operating profit before working capital changes</b>	<b>10,151</b>	<b>6,572</b>	<b>18,452</b>	<b>11,929</b>
<b>Changes in working capital</b>				
(Increase)/decrease in :				
Development properties	(14,451)	18,884	(26,146)	164,005
Trade and other receivables	1,486	28,777	12,135	(4,616)
Other assets	547	(34)	543	(6)
Prepaid operating expenses	(2)	138	(2)	107
Due from related companies, trade	-	(7)	-	(1)
Due from related companies, non-trade	-	-	1	-
Due from a joint venture, trade	(3,684)	25	(10,434)	18
Due from joint ventures, non-trade	-	(73)	(3)	(66)
(Decrease) / increase in :				
Trade and other payables	(237)	3,329	1,934	3,223
Other liabilities	1,217	(4,583)	2,012	730
Derivatives	-	(149)	-	(289)
Due to related companies, trade	(63)	(230)	98	128
Due to related companies, non-trade	(2)	-	-	-
<b>Cash flows (used in) / generated from operations</b>	<b>(5,038)</b>	<b>52,649</b>	<b>(1,410)</b>	<b>175,162</b>
Income tax paid	(3,659)	(154)	(6,096)	(185)
<b>Net cash (used in) / generated from operating activities</b>	<b>(8,697)</b>	<b>52,495</b>	<b>(7,506)</b>	<b>174,977</b>
<b>Cash flows from investing activities</b>				
Dividend income	11	-	11	7
Interest income	225	66	550	62
Loan to joint ventures	(2,325)	(1,105)	(2,748)	(1,996)
Proceeds from disposal of unquoted investments	18,028	-	25,029	-
Purchase of property, plant and equipment	(53)	(25)	(62)	(32)
Purchase of quoted investment	(876)	(1)	(936)	(1)
Purchase of unquoted investment <sup>1</sup>	(9,757)	(6,015)	(29,482)	(6,015)
<b>Net cash generated from / (used) in investing activities</b>	<b>5,253</b>	<b>(7,080)</b>	<b>(7,638)</b>	<b>(7,975)</b>

**1(c) Consolidated Cash Flow Statement of the Group (cont'd)**

(All figures in \$'000)

	3 months ended		6 months ended	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
<b>Cash flow from financing activities</b>				
Dividend paid on ordinary shares by the Company	(1,178)	(1,182)	(1,178)	(1,182)
Repayment of bank term loans	(3,382)	(42,342)	(8,507)	(115,830)
Proceeds from loans and borrowings	-	-	-	4,490
Purchase of treasury shares	-	-	(383)	-
Repayment of hire purchase	(2)	(2)	(5)	(5)
Interest paid	(1,089)	(977)	(2,068)	(4,345)
Loan from related companies	996	672	1,476	1,579
<b>Net cash used in financing activities</b>	<b>(4,655)</b>	<b>(43,831)</b>	<b>(10,665)</b>	<b>(115,293)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(8,099)</b>	<b>1,584</b>	<b>(25,809)</b>	<b>51,709</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,739</b>	<b>53,444</b>	<b>36,449</b>	<b>3,319</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,640</b>	<b>55,028</b>	<b>10,640</b>	<b>55,028</b>

Note 1:

This included commercial paper which matures in more than 3 months' time.

Note 2 :Cash and bank balances  
Fixed deposits

	5,240	20,523	5,240	20,523
	5,400	34,505	5,400	34,505
	10,640	55,028	10,640	55,028

### 1(d)(i) Statements of Changes in Equity

(All figures in \$'000)

	The Group		The Company	
	2Q2011	2Q2010	2Q2011	2Q2010
<b>Issued capital</b>				
Balance at beginning / end of period	84,446	84,446	84,446	84,446
<b>Treasury shares</b>				
Balance at beginning / end of period	(709)	(159)	(709)	(159)
<b>Capital reserve</b>				
Balance at beginning / end of period	(7,671)	(7,671)	-	-
<b>Other reserve</b>				
Balance at beginning / end of period	51	-	51	-
<b>Dividend reserve</b>				
Balance at beginning of period	1,181	1,182	1,181	1,182
Dividend on ordinary shares	(1,181)	(1,182)	(1,181)	(1,182)
Balance at beginning / end of period	-	-	-	-
<b>Accumulated profits</b>				
Balance at beginning of period	137,306	100,865	16,961	15,452
Profit for the period	10,161	6,288	4,878	116
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	10,161	6,288	4,878	116
Dividend on ordinary shares	3	-	3	-
Tax exempt interim dividend	(1,179)	-	(1,179)	-
Balance at end of period	146,291	107,153	20,663	15,568
<b>Minority interest</b>				
Balance at beginning of period	104	192	-	-
Profit for the period	(15)	(37)	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(15)	(37)	-	-
Balance at end of period	89	155	-	-
<b>Equity at end of period</b>	<b>222,497</b>	<b>183,924</b>	<b>104,451</b>	<b>99,855</b>



**1(d)(ii) Details of Changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Ordinary Shares (excluding treasury shares)**

	Number of Ordinary Shares	
	3 months ended	
	30-Jun-11	30-Jun-10
Balance at 1 April	471,489,541	472,741,141
Balance at 30 June	471,489,541	472,741,141

**Treasury Shares**

	Number of Treasury Shares	
	3 months ended	
	30-Jun-11	30-Jun-10
Balance at 1 April	3,067,850	1,816,250
Balance at 30 June	3,067,850	1,816,250

During the period ended 30 June 2011, there was no change to the issued share capital of the Company.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The number of issued shares as at 30 June 2011 is 471,489,541 (31 December 2010 : 472,741,141).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company have adopted the same accounting policies and methods of computation for the current financial period as those for the financial year ended 31 December 2010.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

**The Group**

	3 months ended		6 months ended	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
Earning per share (cents)				
Basic	2.15	1.33	3.86	2.15
Diluted	2.15	1.33	3.86	2.15
Weighted average number of shares				
Basic	471,813,853	472,905,707	471,813,853	472,905,707
Diluted	471,813,853	472,905,707	471,813,853	472,905,707

Earnings per share is calculated based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-**

- (a) current financial period reported on; and
- (b) immediately preceding financial year

	30-Jun-11	31-Dec-10
Net assets value per share (cents)		
The Group	47.17	43.81
The Company	22.15	21.64
Based on number of shares		
The Group	471,489,541	472,241,141
The Company	471,489,541	472,241,141

Net assets value per share is calculated based on the equity attributable to the equity holders of the parent excluding the minority interest divided by the number of shares excluding treasury shares.

8. **Review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following :-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

## **Revenue**

Group revenue for the three months ended 30 June 2011 ("2Q2011") rose 41.9% to \$32.0m, compared to \$22.5m in the previous corresponding period ("2Q2010"). The growth in revenue was driven by a 21.7% increase in contribution from the sale of residential properties amounting to \$25.7m, and a \$6.3m contribution from construction activities. Revenue contribution from construction activities in 2Q2010 was \$1.4m.

For the six months ended 30 June 2011 ("1H2011"), group revenue grew 19.0% to \$57.7m, compared to \$48.5m in the previous corresponding period ("1H2010"). The growth in revenue was driven by higher contribution from construction activities of \$10.6m. Revenue contribution from construction activities in 1H2010 was \$1.4m, as there was no revenue contribution from construction activities in 1Q2010.

As of 30 June 2011, accumulated revenue recognized on the sale of *Signature at Lewis*, *Skyline 360°* and *Waterscape at Cavenagh* was 84.6%, 42.6% and 14.7% respectively.

## **Profit**

In line with the revenue growth, gross profit for 2Q2011 increased to \$11.0m from \$8.9m in 2Q2010. Gross profit for 1H2011, on the other hand, fell by 7.1% to \$19.9m from \$21.4m in 1H2010, in view of higher cost of development for existing residential projects and lower profit margin for construction projects.

Other income rose 174.1% to \$307,000 and 78.4% to \$487,000 in 2Q2011 and 1H2011 respectively, mainly due to an increase in rental income from the Group's investment properties.

The Group also recorded increases in financial income for 2Q2011 and 1H2011 respectively mainly due to higher interest income generated from investments in commercial paper.

The Group did not engage in any new project launch, and thus incurred marketing expenses of \$0.1m and \$0.2m in 2Q2011 and 1H2011 respectively, compared to an expense of \$1.9m and \$8.5m for the corresponding periods under review.

Administrative expenses for 2Q2011 and 1H2011 rose 58.8% to \$880,000 and 32.5% to \$1.8m respectively, mainly due to an increase in staff strength and general overheads.

The share of results of joint venture for 2Q2011 and 1H2011 amounting to \$1.6m and \$2.7m respectively was mainly contributed by progressive revenue recognition from the sale of residential units at *The Beverly*.

Group taxation increased 448.8% from \$340,000 to \$1.9m in 2Q2011, and 88.7% from \$1.7m to \$3.3m in 1H2011, mainly due to provision made for deferred taxation in relation to profits recognized progressively for the sold units.

Taking the above into consideration, the Group's net profit after tax for 2Q2011 and 1H2011 surged 62.3% from \$6.3m to \$10.1m, and 79.4% from \$10.1m to \$18.2m respectively.

## **Balance Sheet**

As at 30 June 2011, cash, bank balances and fixed deposits decreased to \$10.6m from \$36.4m at 31 December 2010. Cash was used mainly for Cuscaden Royale's income tax payment, development costs, funding of joint venture projects, and the purchase of commercial papers. There was thus a corresponding increase in other investments from \$27.9m to \$33.1m as at 30 June 2011.

Trade and other receivables decreased from \$14.2m to \$2.1m in view of progress payments received on a timely basis. Sales proceeds received were consequently used to fund the development and construction costs as well as to pay down the Group's bank borrowings. This explains the increase in development costs and the decrease in interest bearing loans and borrowings.

Amount due from joint-venture (trade) was \$14.0m in view of progress billings made by the Group's subsidiary, WestBuild Construction Pte Ltd ("WBC"), for the construction of two joint-venture projects, namely, *The Beverly* and the hotel/commercial project at Balestier Road/Ah Hood Road.

Development properties increased from \$377.7m to \$405.8m in line with progress payments made for the construction of various residential projects.

Total borrowings decreased from \$260.2m to \$251.6m, as proceeds from the sale of uncompleted projects were used to repay part of the Group's land loans.

The increase in current trade and other payables to \$8.8m from \$6.1m, was the result of accrual made for additional cost and retention monies due to sub-contractors, following a pickup in construction activity for some of the Group's projects.

Other current liabilities increased to \$20.5m from \$18.4m, mainly due to accrual on construction cost and operating expenses during the period.

With the payment of tax during the period, tax payable fell from \$12.8m to \$6.8m.

Deferred taxation increased significantly from \$3.5m to \$6.6m mainly due to recognition of profit on some projects prior to their Temporary Occupation Permit being obtained.

## **Cash Flow**

The Group recorded net cash used in operating activities of \$8.7m and \$7.5m in 2Q2011 and 1H2011 respectively.

The net increase in development properties of \$14.5m and \$26.1m in 2Q2011 and 1H2011 respectively reflected the lower progress billings generated from the sale of residential units vis-à-vis construction cost incurred for various projects. This compares to a net decrease in the corresponding period under review when higher progress billings for residential development projects were partially offset by construction costs incurred.

The net decrease in trade and other receivables in 2Q2011 was lower compared to 2Q2010, as there were more progress billings outstanding in 2Q2010.

In 1H2011, there was a net decrease in trade and other receivables in view of higher payment received, while the net increase in 1H2010 was mainly due to receivables outstanding for *Waterscape at Cavenagh*.

The progress made in the construction of The Beverly and the hotel/commercial project at Balestier, constituted the increase in amount due from joint venture, trade.

The net decrease in trade and other payables reflects payments made in the period under review. Other liabilities increased by \$1.2m for 2Q2011 and \$2.0m for 1H2011 as costs were accrued for projects under construction.

Net cash generated from investing activities was \$5.3m in 2Q2011, while net cash used in investing activities in 1H2011 was \$7.6m. The cash inflows were mainly from interest income of \$0.2m and proceeds from commercial papers amounting to \$18.0m upon maturity, partially offset by the purchase of quoted and unquoted investments worth \$10.6m and a \$2.3m loan to a joint-venture in 2Q2011.

The Group recorded net cash used in financing activities of \$4.7m and \$10.7m in 2Q2011 and 1H2011 respectively. The significant reduction in repayment of bank term loans was mainly due to lower sales proceeds in line with the decrease in the number of residential units sold during the period under review and the absence of proceeds from completion of *Cuscaden Royale* and *Oxford Suites*.

**9. Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There was no financial forecast made in the Group's announcement dated 10 May 2011.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Prices of private residential properties registered a lower sequential increase of 2.0% in 2Q2011, compared with a 2.2% sequential increase in 1Q2011 according to the data released by the Urban Redevelopment Authority ("URA").

New home sales have also eased with 8,039 units sold in 1H2011 compared to 8,413 units sold in 1H2010.

To date, about 74% of the 200-unit *Waterscape at Cavenagh* has been sold. *Skyline 360°*, a 36-storey freehold development with 61 exclusive residential units, which the Group soft-launched in 2010, has sold 54% of the total units. Proceeds from the sale of these units should continue to contribute positively to the Group's top and bottom lines as construction of these developments progresses.

Piling work for the joint-venture integrated hotel/commercial development at Balestier Road/Ah Hood Road has been completed. Zhongshan Park, which is flanked by the two hotel buildings was completed before 31 July 2011 as scheduled. The hotels and commercial blocks are slated for completion in 2014.

Against a backdrop of macro-economic uncertainties as well as government policy overhang, the Group is cautious about its outlook for its 2011 financial year. In this regard, it will continue to be prudent in its review of both its sales and purchase programs.

## **11. Dividend**

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

The Directors are pleased to announce an interim dividend for the financial period ended 30 June 2011 as follows :

Name of dividend	: Interim
Type of dividend	: Cash
Dividend	: 0.25 cents per ordinary share
Tax rate	: One tier (tax exempt)

### **(b) Corresponding Period of the immediately preceding financial year**

Any dividend declared for the corresponding period of the immediately preceding financial year?  
None

### **(c) Date payable**

7 September 2011.

### **(d) Book closure date**

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of Hiap Hoe Limited (the "Company") will be closed on 23 August 2011 at 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 23 August 2011 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 23 August 2011 will be entitled to the proposed dividend.

## **12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

### 13. INTERESTED PERSONS TRANSACTIONS FOR THE SECOND QUARTER ENDED 30 JUNE 2011

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	3 months ended 30 June 2011	6 months ended 30 June 2011	3 months ended 30 June 2011	6 months ended 30 June 2011
Hiap Hoe & Co. Pte Ltd (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	<p>Provision of Project and Construction Management Service to the Company's wholly-owned subsidiaries :</p> <ul style="list-style-type: none"> <li>- Cavenagh Properties Pte. Ltd. (Value of transactions amounting to \$34,000)</li> <li>- Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to \$26,000)</li> <li>- Guan Hoe Development Pte. Ltd. (Value of transactions amounting to \$6,000)</li> </ul> <p>Provision of Project and Construction Management Service to the Company's 60% owned subsidiary :</p> <ul style="list-style-type: none"> <li>- Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transactions amounting to \$28,000)</li> </ul> <p>Provision of Project and Construction Management Service to the Company's 50% share in joint venture:</p> <ul style="list-style-type: none"> <li>- HH Properties Pte. Ltd. (50% share of value of transactions amounting to \$99,000)</li> </ul>	<p>Provision of Project and Construction Management Service to the Company's wholly-owned subsidiaries :</p> <ul style="list-style-type: none"> <li>- Cavenagh Properties Pte. Ltd. (Value of transactions amounting to \$83,000)</li> <li>- Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to \$62,000)</li> <li>- Guan Hoe Development Pte. Ltd. (Value of transactions amounting to \$15,000)</li> </ul> <p>Provision of Project and Construction Management Service to the Company's 60% owned subsidiary :</p> <ul style="list-style-type: none"> <li>- Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transactions amounting to \$66,000)</li> </ul> <p>Provision of Project and Construction Management Service to the Company's 50% share in joint venture:</p> <ul style="list-style-type: none"> <li>- HH Properties Pte. Ltd. (50% share of value of transactions amounting to \$341,000)</li> </ul>	NA	NA

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	3 months ended 30 June 2011	6 months ended 30 June 2011	3 months ended 30 June 2011	6 months ended 30 June 2011
Hiap Hoe & Co. Pte Ltd (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiary's 60% share in joint venture:  - Goodluck View Development (60% share of value of transactions amounting to \$21,000)	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiary's 60% share in joint venture:  - Goodluck View Development (60% share of value of transactions amounting to \$49,000)		
SuperBowl Holdings Limited (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Contribution by the Company of its 60% proportion of the loan extended to :  - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of loan amounting to \$1,480,000)  Interest income amounting to \$20,000  Contribution by the Company of its 50% proportion of the loan to :  - HH Properties Pte. Ltd. (Value of loan amounting to \$2,265,000)  Interest income amounting to \$34,000	Contribution by the Company of its 60% proportion of the loan extended to :  - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of loan as at 30 June 2011 amounting to \$27,361,000)  Interest income amounting to \$44,000  Contribution by the Company of its 50% proportion of the loan to :  - HH Properties Pte. Ltd. (Value of loan as at 30 June 2011 amounting to \$47,859,000)  Interest income amounting to \$76,000	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd.  (Value of transaction amounting to \$3,126,000)  Supply and installation of temporary earth retaining structure, grout mix piles and excavation works for HH Properties Pte. Ltd.  (Value of transactions amounting to \$430,000)	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd.  (Value of transaction amounting to \$4,368,000)  Supply and installation of temporary earth retaining structure, grout mix piles and excavation works for HH Properties Pte. Ltd.  (Value of transactions amounting to \$2,017,000)



Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	3 months ended 30 June 2011	6 months ended 30 June 2011	3 months ended 30 June 2011	6 months ended 30 June 2011
SuperBowl Holdings Limited (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)			Construction of 1 block of 14-Storey hotel, 1 block of 17-Storey hotel and 1 block of 13-Storey office building for HH Properties Pte. Ltd.  (Value of transactions amounting to \$6,261,000)	Construction of 1 block of 14-Storey hotel, 1 block of 17-Storey hotel and 1 block of 13-Storey office building for HH Properties Pte. Ltd.  (Value of transactions amounting to \$10,845,000)
SuperBowl Management Pte Ltd (A subsidiary of SuperBowl Holdings Limited)	Contribution by the Group of its 60% proportion of the loan :  - Goodluck View Development (Value of loan amounting to \$60,000)  Interest income amounting to \$7,600	Contribution by the Group of its 60% proportion of the loan :  - Goodluck View Development (Value of loan as at 30 June 2011 amounting to \$10,340,000)  Interest income amounting to \$17,000	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development  (Value of transaction amounting to \$4,815,000)	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development  (Value of transaction amounting to \$9,755,000)

Hiap Hoe SuperBowl JV Pte. Ltd. ("HHSB") is a subsidiary company which is 60% owned by Hiap Hoe Limited (the "Company") and 40% by SuperBowl Holdings Limited ("SBH"). Similarly, Goodluck View Development ("GLV") is a joint venture business formed under Wah Hoe Development Pte Ltd ("Wah Hoe"), a subsidiary of the Company. This joint venture is 60% owned by Wah Hoe and 40% by SuperBowl Management Pte Ltd.

HH Properties Pte. Ltd. ("HHP") is a joint venture company which is 50% owned by the Company and 50% owned by SBH.

The Audit Committee of the Company is satisfied that the Investments in HHSB, GLV and HHP are on commercial terms which are fair and reasonable and are not prejudicial to the interest of the minority shareholders of the Company. The Audit Committee is of the view that the risk and rewards are in proportion to the equity of each of the joint venture partner in HHSB and GLV.

The Investment in the joint ventures and the related loans extended to HHSB and GLV fall within the exception of Rule 916(2) and 916(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Shareholders' approval is, therefore, not required for the Company to enter into the investment.

**BY ORDER OF THE BOARD**

Lai Foon Kuen  
Company Secretary  
10 August 2011

**Confirmation pursuant to Rule 705(5) of the SGX Listing Manual**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the second quarter ended 30 June 2011 to be false or misleading in any material respect.

On behalf of the Board of Directors

Teo Ho Beng  
Director

Teo Ho Kang, Roland  
Director